

WEALTH MARKETS AND COMMERCE

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Wednesday, November 8, 1916

Wall Street betting odds are not infallible. A very old tradition is somewhat the worse for a new experience. Whatever the outcome, it is obvious that to have given odds was poor judgment.

People are people in Wall Street as elsewhere, and when their interest in politics is emotional their betting of money or their buying and selling of stocks can no more be trusted to forecast the event than the corresponding reactions of any other crowd. What the betting odds in the weeks preceding the election did reflect was a preponderance of sentiment in favor of Mr. Hughes. But there was a great deal of intense Wilson sentiment, too, and the proportions, if they could be accurately determined, would perhaps correspond to the betting terms. That is to say, Mr. Hughes was a 10 to 8 favorite in Wall Street sentiment. The division of feeling in this community was on the same lines as elsewhere. Wall Street people were for or against Wilson for the same reasons as those for which people were for or against him outside, and not for financial or economic reasons peculiar to the understanding of a Stock Exchange mind.

The fluctuations of Steel common were a fair expression of the day's confusion. On the opening of the market the common capital stock of the United States Steel Corporation increased in value 1½ million dollars. In the ensuing four and a half hours it shrunk in value 2 million dollars. In the last quarter of an hour it recovered in value 1 million dollars. And if you should ask for any rational reason why the value of the largest single body of corporation capital listed on the Stock Exchange should behave in this manner on the uncertainty as to whether Mr. Wilson or Mr. Hughes had been elected, nobody could give you a satisfactory answer. It was a matter of sentiment, and sentiment itself is not rational. It is probably true that a majority of speculators expected a rise to take place on the election of Mr. Hughes, but that also was sentimental, and it might not have happened. What a majority of people expect in the stock market seldom does happen. The election of 1896 was one in which Wall Street's interest was economic and material, rather than emotional, and there was not the slightest doubt that the success of Mr. McKinley over Mr. Bryan would be a great bull argument. On the day after election prices advanced 2 to 8 points, but such was the desire of speculators to take profits that on the second day prices declined. About half the gain was lost. That was extremely disappointing.

If Wall Street had not been so distracted by the election news more attention might have been paid to the further development of Germany's new submarine campaign, or to the report of the Department of Agriculture on crops, or to the interesting fact that the iron and steel markets had got out of hand and were running away. Neither the political uncertainty nor the big advance in prices the week before had checked the buying of pig iron. "The Iron Age" reports, on the contrary, that higher prices seem only to stimulate the demand. Some of the new advances are without parallel in the history of the trade. Pig iron is higher than steel billets were a year ago. Eastern Pennsylvania basic iron last week was \$21.50. It is now \$25. Corresponding advances have occurred in all the other grades. The rise in finished steel products goes on. Commodity markets are oblivious of politics. Wheat and cotton and corn went higher.

Money and Credit

Call money at the New York Stock Exchange ruled unchanged yesterday at 2½ per cent. The high was 2½ per cent and the low 2 per cent.

The tone of the market for time funds on brokers' Stock Exchange collateral continues easy. Money is offered freely by lenders and most of the business is in sixty-day industrial loans at 3½ per cent. The other maturities of the same class of loans are inactive.

Ruling rates on money yesterday, compared with a year ago, were as follows:

Official rates remained unchanged at 3½ to 4 per cent for the best six months' maturities.

Official rates of discount at each of the twelve Federal districts are as follows:

| | Maturity in days. | 104. | 304. | 604. | 904. |
|---------------|-------------------|------|------|------|------|
| Boston | 3 | 3½ | 4 | 4 | 4 |
| New York | 3 | 3½ | 4 | 4 | 4 |
| Philadelphia | 3½ | 4 | 4 | 4 | 4 |
| Cleveland | 3½ | 4 | 4 | 4 | 4 |
| Richmond | 4 | 4 | 4 | 4 | 4 |
| Chicago | 3½ | 4 | 4 | 4 | 4 |
| St. Louis | 3 | 4 | 4 | 4 | 4 |
| Minneapolis | 4 | 4 | 4 | 4 | 4 |
| Kansas City | 4½ | 4½ | 4½ | 4½ | 4½ |
| Dallas | 3½ | 4 | 4 | 4 | 4 |
| San Francisco | 3 | 3½ | 4 | 4 | 4 |

*15-day paper.

Bank Exchanges.—The day's clearings at New York and other cities:

| | Exchanges. | Balances. |
|--------------|---------------|--------------|
| New York | \$752,876,550 | \$24,685,671 |
| Baltimore | 9,406,912 | 761,807 |
| Boston | 27,469,569 | 4,307,936 |
| Chicago | 101,139,442 | 5,089,902 |
| Philadelphia | 76,968,643 | 10,401,357 |
| St. Louis | 30,854,878 | 4,247,217 |

Sub-Treasury.—New York banks gained from the Sub-Treasury \$1,099,000.

Silver.—Bars in London, 84½ pence; New York, 71½ cents; Mexican dollars, 55.

The Dollar in Foreign Exchange

The market was quiet yesterday, with continued weakness in Italian lire the leading feature. Russian rubles also declined, falling 20 points to 20.30 cents.

| | Yesterday. | Week ago. |
|-----------------------|------------|-----------|
| Sterling, demand | 4.75½ | 4.75½ |
| Sterling, sixty days | 4.71½ | 4.71½ |
| Sterling, cables | 4.76½ | 4.76½ |
| Sterling, ninety days | 4.69½ | 4.69½ |
| Francs, demand | 5.84½ | 5.84½ |
| Francs, cables | 5.83½ | 5.83½ |
| Gulden, cables | 41 | 41 |
| Gulden, checks | 41½ | 41½ |
| Reichsmarks, cables | 70 | 70½ |
| Reichsmarks, checks | 70 | 70½ |
| Reichsmarks, cables | 70 | 70½ |
| Reichsmarks, checks | 70 | 70½ |
| Reichsmarks, cables | 70 | 70½ |
| Reichsmarks, checks | 70 | 70½ |
| Reichsmarks, cables | 70 | 70½ |
| Reichsmarks, checks | 70 | 70½ |
| Reichsmarks, cables | 70 | 70½ |
| Reichsmarks, checks | 70 | 70½ |

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

| | Current exchange value. | Intrinsic value. |
|------------------|-------------------------|------------------|
| Pounds, sterling | 4.75½ | 4.86½ |
| Francs | 0.171 | 0.193 |
| Gulden | 0.41 | 0.402 |
| Mark | 0.17 | 0.238 |
| Rubles | 0.30 | 0.512 |
| Crown | 0.149 | 0.19 |
| Crown (Denmark) | 0.22 | 0.26 |
| Crown (Sweden) | 0.284 | 0.268 |

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for \$4.75½; the intrinsic parity is \$4.86½ per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

SPAIN ENERGETIC IN DEVELOPING RESOURCES

Budget Provides Large Sums for Peaceful Enterprises

The energy of the Spanish government in developing the national resources is exhibited by the financial proposals laid before the Cortes by Señor Alba, the Finance Minister, says "The London Economist." Instead of the recurrent budget deficits since 1911 there is now an estimated surplus, on a revenue of 1,421,869,072 pesetas, or 95,484,995 dollars, or about \$3,817,000. But there is an extraordinary budget, providing for an expenditure, spread over ten years, of 2,133,066,494 pesetas, or somewhat more than \$85,600,000, which is allocated by twenty-two separate bills. Nearly \$15,000,000 is allotted to the reorganization of the army, more than \$12,000,000 to that of the navy; but education is to take \$7,600,000; commerce, industry, agriculture and public works \$42,840,000, and "action in Morocco" less than \$969,000. One of the first bills introduced, "The Economist" states, will provide for the establishment of agricultural banks, another for a state bank of foreign trade. Also,

Measures are to be taken to raise the specie reserve of the Bank of Spain to 3,000,000,000 pesetas, and to require foreign companies established in Spain to pay their dividends in currency or submit to a special tax—a matter on which further particulars will be awaited with interest. A state alcohol monopoly will be established, and the Almaden quicksilver mines will be leased to a company. These latter measures will generally be regarded as sound finance. A loan will be issued to consolidate certain debts, and the bill establishing a tax on war profits will be pushed on. Where the money for these grandiose projects is to come from is not stated at present, and it seems a matter for regret that so much should be devoted to naval and military expenditure. Spain, however, is determined to make alliance with her worth having, and to take a more active part in European politics; and the economic projects, if carried out adequately and with due caution, should go far to pay their own cost at an early date.

Women are now being trained as engine drivers in Schleswig-Holstein. Special training schools have been established capable of turning out about 400 women drivers monthly.

PRICES DISTURB ENGLISH LABOR

Workingmen Beginning to Agitate About Rise in Food Costs

By FRANCIS W. HIRST

(By Cable to The Tribune.)
London, Nov. 8.—Stock Exchange business to-day was small, and a good deal of it was caused by arrangements for lending securities to the Treasury.

The working classes are beginning to agitate about food prices. A sharp rise in the price of potatoes, following the higher cost of wheat, pinches those who are not enjoying war wages.

Labor leaders are puzzled about what to say as to governmental restrictions, much disliked in every trade. The debate on labor shortage and man-power will be continued in the House of Commons next week.

The furious attacks of the Northcliffe press on certain members of the government possibly presage political trouble, but the position of the government remains outwardly secure.

Government securities are decidedly firmer, and the consol market is hopeful concerning the prospects of conversion.

The Nation's Food Supply

Washington, November 8.

The November crop bulletin issued to-day by the Department of Agriculture placed the production of corn in the United States this year at 2,643,508,000, against 3,054,535,000 bushels harvested in 1915 and 2,672,504,000 bushels in 1914. The largest crop on record was 3,124,746,000 bushels, in 1912.

The yield per acre this year was 24.3 bushels, compared with 23.3 bushels in 1915 and a five-year average of 26.6 bushels. The quality of the crop is placed at \$3.8, compared with 77.2 a year ago.

Stocks of old corn remaining in the hands of the farmers on November 1 were estimated at 98,686,000 bushels, compared with 96,000,000 bushels a year ago and a five-year average of 104,400,000 bushels.

The following table gives the latest department estimates of all staple crops, the yields of 1915 and the five-year average production in bushels (000,000 omitted), except when otherwise indicated:

| | Estimated Final Five-year yield | 1915. | 1916. |
|--------------------|---------------------------------|-------|-------|
| Wheat | 607,101 | 728 | 728 |
| Oats | 1,229 | 1,540 | 1,575 |
| Barley | 183 | 237 | 186 |
| Rye | 41 | 49 | 37 |
| Buckwheat | 11 | 15 | 17 |
| Flaxseed | 15 | 12 | 18 |
| Rice | 33 | 28 | 24 |
| Peanut | 36 | 63 | 43 |
| Pears | 10 | 11 | 11 |
| Apples, barrels | 67 | 76 | 65 |
| Sugar beets, tons | 7 | 6 | 5 |
| Kaffir | 61 | 114 | — |
| Beans (5 states) | 10 | 10 | — |
| Onions (14 states) | 11 | 10 | — |

Cranberry production in the three leading states was estimated at 437,000 bushels, against 428,000 in 1915; cabbage at 226,000 bushels, against 265,000 in 1915.

Daily Imports and Exports

| | Imports. | Exports. |
|--------------------|-------------|-------------|
| Wednesday, Nov. 8. | \$5,929,752 | \$2,796,281 |
| Tuesday, Nov. 7. | Holiday | Holiday |
| Monday, Nov. 6. | \$5,564,905 | 7,909,111 |
| Saturday, Nov. 4. | \$5,895,279 | 5,977,590 |
| Friday, Nov. 3. | \$4,119,016 | 16,338,439 |
| Thursday, Nov. 2. | \$5,970,921 | 10,950,671 |
| Wednesday, Nov. 1. | 2,987,575 | 10,761,958 |
| Tuesday, Oct. 31. | 2,850,166 | 12,202,335 |
| Monday, Oct. 30. | 3,327,866 | 4,551,315 |

Significant Relations

Money and Prices:
Stock of money gold in the country..

| | Nov. | A year ago. |
|----------------|-----------------|-----------------|
| Nov. 8. | \$2,722,141,473 | \$2,056,732,138 |
| Latest report. | 607,557,000 | 1,012,000,000 |
| Sept. 12. | \$7,859,000,000 | \$6,756,000,000 |

Loans of all national banks.....
Ratio of cash held to gross deposit liabilities.....

| | Nov. | A year ago. |
|----------------|---------------|--------------|
| Nov. 8. | \$104,763,000 | \$43,127,000 |
| Latest report. | 12,627,000 | 13,661,000 |

Loans of Federal Reserve Banks.....
Their liability for notes, net.....
Their gold reserve against deposits and circulation.....

| | Nov. | A year ago. |
|----------------|--------|-------------|
| Nov. 8. | 123.74 | 124.26 |
| Latest report. | 106.97 | 107.54 |

Average price of 15 railroad stocks.....
Average price of 12 industrial stocks.....

| | Nov. | A year ago. |
|----------------|--------|-------------|
| Nov. 8. | 106.97 | 107.54 |
| Latest report. | 200.60 | 196.51 |

Relevant Information

Kennecott Copper.—After advancing to 56½ Kennecott dropped back to 53½ yesterday, and closed with a net loss of seven-eighths of a point at 54½. Trading was unusually heavy, with total dealings of 52,000 shares. The Kennecott Copper Corporation was organized in 1915, acquiring all the property of the Kennecott Mines Company. It owns copper mines in Alaska and Chile, acquiring the latter properties through purchase of the control of the Braden Copper Mines Company. Kennecott has 2,785,740 shares of stock outstanding, not below nominal or par value. Dividends are being paid at the rate of \$6 a year. The company's copper production, which exceeded 10,000,000 pounds a month in the late spring and early summer, fell to 8,000,000 pounds in September. Last month the output was even smaller, at 7,300,000 pounds. In September the directors issued a statement showing cash, short time notes and copper on hand (all of which had been sold) amounting to \$22,058,000. This was exclusive of Kennecott's interests in the cash and copper on hand of the Braden Copper Company or the Utah Copper Company, of which it owns 404,504 of an outstanding issue of 1,824,490 shares.

Columbia Gas and Electric.—This stock reacted sharply yesterday and closed 1½ points off, at 43½, after an early advance to 46½. On Monday it sold as high as 47½. The stock was recently admitted to dealings on the exchange around 30, and previous to that sold as low as 8½. In September the company did not earn its fixed charges and reported a deficit of \$24,289, compared with a deficit of \$36,064 a year ago. In the nine months ended with September there was a surplus of \$607,965, compared with \$248,923 in 1915. No dividends are being paid on the \$60,000,000 of common stock outstanding.

Allis-Chalmers.—These shares displayed firmness yesterday after an early advance of substantial proportions. The common stock on a turnover of 10,400 shares advanced to 29½ and closed half a point up at 28½. The preferred gained 1 point, with a close of 86. No dividends have been paid on the \$26,000,000 common outstanding since the company was reorganized in 1913. Dividends of 6 per cent are being paid on the \$16,000,000 of cumulative preferred outstanding. Accumulated dividends on this issue now amount to 11½ per cent, the company having declared in June an extra of 1½ per cent on this account. The company manufactures a wide variety of mill machinery, air brakes, steam, oil and gas engines. Its earnings have undergone considerable improvement in the last year. In the nine months ended with September net profits amounted to \$2,236,297, compared with \$518,906 in the corresponding period of 1915. Unfilled orders on August 31 amounted to \$11,639,750, compared with \$12,032,286 on March 31 last and \$7,657,185 on June 30, 1915.

How a Boom Grows

The Jerome boom gathers momentum as it progresses. "There seems to be no limit to the spots," writes an Arizona correspondent, "upon which a million-dollar corporation can be formed overnight. And they are being as quickly formed. Of course, the 'home folks' take the first 100,000 shares at 10 cents, while the outside world hungrily awaits the issuance of the second 100,000 shares at \$1 a share. Thus it goes. Nearly every man, woman and child in Jerome has an armful of stocks and is accumulating more hourly. The preachers put their savings behind their faith and fill their coffers with the filthy lucre between Sabbath and Sabbath. Stenographers vie with their employers for prestige on the 'change, and school teachers keep one eye on the stock ticker and one on the blackboard. One cannot distinguish between common street loafers and malefactors of great wealth, and the swamper is a financier of much renown. Verily it is a jolly good camp—and profiting!"—Engineering and Mining Journal.

INDUSTRIALS

| | Low | Yesterday |
|-------------------|------|-----------|
| Am Sugar | 90¾ | 95 |
| Am Locomotive | 120 | 122½ |
| Am Smelting | 112½ | 113¾ |
| Am Soda | 97¼ | 99 |
| Baldwin Loco | 87¾ | 90 |
| Crucible Steel | 92½ | 95 |
| Central Leather | 99½ | 100 |
| Lackawanna Steel | 89¼ | 93¾ |
| Republic Iron & S | 78½ | 82½ |
| U. S. Rubber | 60½ | 62 |
| U. S. Steel | 120¼ | 126 |
| Utah Copper | 112½ | 114¼ |

Atchafalpa..... 108¾
Baltimore & Ohio..... 88
Chesapeake & Ohio..... 88
St. Paul..... 95
Erie..... 38¾
Lehigh Valley..... 84
New York Central..... 108¾
New Haven..... 60¾
Pennsylvania..... 58½
Reading..... 109¾
Union Pacific..... 150¾

Canadian Bank for Maracaibo.
The Royal Bank of Canada is expected to establish a bank in Maracaibo, Venezuela, Consul G. K. Donald reports. Meantime a new Venezuelan bank has already opened its doors in that city. Mr. Donald writes:

Now that automobiles are beginning to appear on the streets a garage would be welcomed. Among other small investments I mentioned a steam laundry, dry modern bakery, ice cream parlor and soda fountain, an "American bar," and what is popularly known as a "handy kitchen." Further, a coffee warehouse and elevator located at some convenient point would not only be a blessing to the exporters (coffee now being stored in residences for lack of a more suitable place), but would also bring good returns to the investor.

By an Italian decree the excise on sugar is raised to \$5 a hundredweight. A special committee has been appointed to inspect sugar factories and fix the quantities available for consumption in each commune. The measure will reduce considerably the consumption of pastry and sweets, and thus also cause

STOCKS TUMBLE AS WILSON GAINS

Sections Where Democratic Success Was Expected Lead Buying

Security prices on the Stock Exchange yesterday rose and fell with the changing fortunes of the two rival Presidential candidates. In the morning, when reports indicated that Mr. Hughes might pull through with a small majority of the electoral votes, new high records were reached by such important industrial issues as Steel common, Central Leather, Republic Iron and Steel, American Locomotive, Bethlehem Steel and Utah Copper.

Around 1 o'clock a severe reaction set in on the news that some of the doubtful states previously claimed by the Republicans would, after all, go Democratic. Stocks that had enjoyed the biggest advances became solidly weak. Steel reacted from 126 to 121½, American Locomotive from 96 to 92½, Central Leather from 110 to below 106, Republic Iron and Steel from 82½ to 78 and Utah Copper from 114¼ to 111½.

Contrary to the records of the Presidential elections of the last thirty years, yesterday's closing prices, with few exceptions, revealed net losses compared with final quotations of the previous Monday. In only one post-election trading day, however, have transactions exceeded those of yesterday. This was when Theodore Roosevelt was elected in 1904. On that occasion 2,328,000 shares was the day's turnover, while that of yesterday was about 2,000,000 shares.

Former Post-Election Markets

General characteristics of the post-election stock markets between 1912 and 1896 were:

1912.—Wilson elected. Increased activity and advances averaging two points or more, the movement being led by Chicago, Milwaukee & St. Paul. Turnover, 1,012,233 shares.

1908.—Taft elected. Large increase in volume of business, with advances of from two to four points. Turnover, 1,351,265 shares.

1904.—Roosevelt elected. Heavy gains on transactions of 2,328,000 shares, the largest since 1901.

1900.—McKinley elected. New record transactions of 1,400,000 shares. Railway stocks jumped from three to six points. Steel and local traction issues were also prominent.

1896.—McKinley elected. The market's response to the "sound money" victory were advances of from two to seven points.

The attendance on the floor of the exchange at the opening yesterday was the largest in many months and included many members who seldom appear there. The crowds in the rooms of the leading commission houses bore strong evidence of the widespread election interest shown by speculators and investors. Firms with long distance wire connections reported an overnight accumulation of buying orders, chiefly from the West and Northwest, which were reported to have waged large sums on the success of the Democratic ticket.

Buying of this character was equalized, however, by the heavy offerings of local traders. Sales of stocks in the first half hour were estimated at 800,000 shares, while double that amount changed hands in the first hour. Great difficulty was had in getting the opening quotations. As an example, it was nearly fifteen minutes before the official opening in Steel was recorded on the ticker tape.

The following table is illuminating; it records Monday's low prices, compared with yesterday's high and low for a representative list:

| | Low | Yesterday |
|-------------------|------|-----------|
| Am Sugar | 90¾ | 95 |
| Am Locomotive | 120 | 122½ |
| Am Smelting | 112½ | 113¾ |
| Am Soda | 97¼ | 99 |
| Baldwin Loco | 87¾ | 90 |
| Crucible Steel | 92½ | 95 |
| Central Leather | 99½ | 100 |
| Lackawanna Steel | 89¼ | 93¾ |
| Republic Iron & S | 78½ | 82½ |
| U. S. Rubber | 60½ | 62 |
| U. S. Steel | 120¼ | 126 |
| Utah Copper | 112½ | 114¼ |

Other Cities

Cotton Ginning Report.—Washington, Nov. 8.—A report from the Bureau of Census to-day places the quantity of cotton ginned from the growth of 1916 prior to November 1 at 8,619,063 bales, counting round as half bales, compared with 7,378,881 bales in 1915 and 8,829,312 bales in 1914. The corresponding statistics of the quantity ginned this season prior to October 18 are 7,305,966 bales.

Boston Coppers.—Boston, Nov. 8.—Prices made a general advance on the Boston market this afternoon. Copper shares were active and firmer, with Arizona and Utah Consolidated selling at new highs for the year. California and Arizona, at 80½, sold at the highest since 1912. The close was quiet, with recessions from high Copper Range, 71; Granby, 94; Old Dominion, 72.

Removal of Discriminating Rates Ordered.—Washington, Nov. 8.

The Interstate Commerce Commission directed railroads to remove adjustments of rates by which interstate passengers may defeat published interstate rates by paying the two-cent-a-mile fare prescribed in Illinois and adding the bridge charge over the Mississippi River. Commission officials believe the decision may lead to a legal test of the Illinois law or to legislative action to repeal it.

Corporation Returns

Nevada Consolidated Copper.—Report for the quarter ended September 30, 1916, compares as follows: